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**REMARKS**

1. Applicant thanks the Examiner for the Examiner's comments, which have greatly assisted Applicant in responding. Applicant also thanks the Examiner for granting an interview with Applicant on February 22, 2006, the results of which greatly also assisted Applicant in responding. During such interview it was discussed that MICR line validation is not equivalent to the claimed invention's determining if a check is eligible to be converted and why.

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2. Per the Examiner's suggestion during the interview, Applicant has amended certain claims to define the acronyms first used in each given claim set.

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3. **Response to Arguments and Action not fully Responsive.**

Regarding Item 7(b), Applicant respectfully traverses and is of the opinion that the present office action fails to be fully responsive.

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In Item 7(b), the Examiner stated that Applicant's newly added limitation Prior to parsing said MICR line does not add patentable distinction apart from the prior art of record.

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However, the Examiner failed to support his conclusion with the reasons or clear explanation as to why the Examiner took that action.

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According to the MPEP, 707.07(f) Answer All Material Traversed [R-3], it is stated that, "In order to provide a complete application file history and to enhance the clarity of the prosecution history record, an examiner must provide clear explanations of all actions taken by the examiner during prosecution of an application." It also states, "Where the applicant traverses any rejection, the examiner should, if he or she repeats the rejection, take note of the applicant's argument and answer the substance of it."

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Therefore, based on the MPEP section cited above, Applicant is of the opinion that the present office action is not fully responsive.

- Applicant respectfully requests that the Examiner provide another office action that is fully response and that provides his basis for his conclusion that the added limitation did not provide patentable distinction apart from the prior art of record.

4. 35 U.S.C. §103(a).

- 10 The Examiner rejected Claims 1-56 under 35 USC §103(a) as being unpatentable over Funk in view of Downs.

Applicant respectfully traverses.

- 15 (a) As per Claims 1 and 2 and as argued hereinabove, the Examiner responded to the newly added limitation, prior to parsing said MICR line, as not adding patentable distinction apart from the prior art of record without any reason or clear explanation.

- 20 Therefore, Applicant is of the opinion that the present office action is not fully responsive. Applicant respectfully requests that the Examiner withdraw the rejection under 35 USC §103(a).

- (b) As per all the Claims, the Examiner again stated in the body of the action that Funk fails to explicitly disclose a various rules if the check cannot be converted, processing the check. The Examiner further stated that Downs discloses a check processing system which includes a predetermined set of MICR line validation rules. The Examiner combined the two, stating that, "Therefore, it would have been obvious to a person of ordinary skill in the art at the time the invention was made to modify the checkless transaction of Funk by including the limitation detailed above as taught by Downs because this would recognize invalid MICR line based on various rules."

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As argued in a previous response, Applicant is of the opinion that the motivation to combine is improper because the Examiner is using what he perceives as the equivalent to our limitation in the claim, *i.e.* a predetermined set of MICR line validation rules, itself for the motivation, *i.e.* because this would recognize invalid  
5 MICR line based on various rules, which is improper. The motivation is not sound because there is nothing in either of references that would suggest that the motivation for combining the references is known outside of applicant's disclosure. Additionally, there is nothing in the references that would suggest incorporating the claimed checkless transaction with the recognizing invalid MICR line based on  
10 various rules.

Applicant points out that by arguing that the rejection is improper based on lack of motivation to combine, Applicant is not admitting that the prior art of record teach the claimed limitations.

15 Therefore, Applicant respectfully requests that the Examiner withdraw the rejection under 35 USC §103(a).

(c) As per Claims 1 and 2, Applicant is again of the opinion that the action was  
20 not fully responsive. In the previous response, Applicant added the limitation "eligible" with a supporting discussion and the Examiner failed to respond to the newly added limitation.

Therefore, Applicant respectfully requests that the Examiner issue another office  
25 action that is fully responsive.

(d) As per the limitation eligible, Applicant respectfully points out that in addition to what Applicant stated in the previous response, which is incorporated herein by this reference thereto, Applicant points out that the meaning of eligible and ineligible  
30 can be found in the Specification on page 2, lines 5-11, as follows:

**Identifying items eligible for ACH conversion.**

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Only consumer checks are eligible for conversion to ACH debits. Therefore, there must be a method in place for separating such eligible conversion items from money orders, travelers checks, cashier's checks, convenience checks (credit card balance transfer checks), commercial checks, government items, and  
5 the like, which are ineligible for conversion.

Therefore, in view of the argument hereinabove, Applicant is of the opinion that the Claims are in condition for allowance. As such, Applicant respectfully requests that  
10 the Examiner withdraw rejection under 35 USC §103(a).

5. It should be appreciated that Applicant has elected to amend the Claims solely for the purpose of expediting the patent application process in a manner consistent with the PTO's Patent Business Goals, 65 Fed. Reg. 54603 (9/8/00). In making such amendment, Applicant has not and does not in any way narrow the  
15 scope of protection to which Applicant considers the invention herein to be entitled. Rather, Applicant reserves Applicant's right to pursue such protection at a later point in time and merely seeks to pursue protection for the subject matter presented in this submission.

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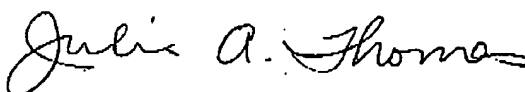
**CONCLUSION**

5 Based on the foregoing, Applicant considers the present invention to be  
distinguished from the art of record. Accordingly, Applicant earnestly solicits the  
Examiner's withdrawal of the rejections raised in the above referenced Office Action,  
such that a Notice of Allowance is forwarded to Applicant, and the present  
application is therefore allowed to issue as a United States patent. The Examiner is  
invited to call (650) 474-8400 to discuss the response.

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Respectfully Submitted,

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